

## Message Text

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46

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 H-02 DODE-00 PA-02 USIA-15 PRS-01 SAJ-01 AGR-10

/119 W

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R 161325Z APR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9422

INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION GENEVA

AMEMBASSY BERLIN

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: ELAB, GW

SUBJECT: UNEMPLOYMENT DECLINES IN FRG

REF: BONN 04097 BONN 06052

1. SUMMARY. UNEMPLOYMENT DECLINED IN MARCH FOR THE FIRST TIME IN EIGHT MONTHS. AT THE END OF THE MONTH, 1,114,000 WORKERS, 4.9 PERCENT OF THE LABOR FORCE, WERE UNEMPLOYED, A DECREASE OF 5.9 PERCENT SINCE THE END OF FEBRUARY, WHEN UNEMPLOYMENT STOOD AT 5.2 PERCENT. THE PRESIDENT OF THE FEDERAL EMPLOYMENT SERVICE, JOSEF STINGL, ATTRIBUTED THE IMPROVEMENT "EXCLUSIVELY TO SEASONAL FACTORS". END SUMMARY

2. THE DISTRIBUTION OF THE UNEMPLOYED BY OCCUPATION REMAINED LARGELY UNCHANGED. THE METAL AND ELECTRICAL INDUSTRIES LED WITH 207,700, FOLLOWED BY THE BUILDING TRADES WITH 183,300 AND THE OFFICE PROFESSIONS WITH 115,000. THERE WERE HOWEVER TWO EXCEPTIONS TO GENERAL TRENDS. UNEMPLOYMENT INCREASED IN THE FOREIGN WORKER COMMUNITY, REACHING 179,000, 7.4 PERCENT FOR THE FOREIGN LABOR FORCE. BADEN-WUERTTEMBERG, THE LAND WITH THE LARGEST PROPORTION OF FOREIGN WORKERS, HAD THE DISTINCTION OF BEING THE ONLY LAND WHERE UNEMPLOYMENT WAS HIGHER IN MARCH, .8 PERCENT, THAN IN FEBRUARY.

3. THERE WERE 260,600 JOB OPENINGS, A 5.8 PERCENT INCREASE OVER THE PREVIOUS MONTH. HOWEVER ON A SEASONALLY ADJUSTED BASIS THE NUMBER OF JOB OPENINGS DECLINED.

4. THE NUMBER OF WORKERS ON SHORT-TIME DECREASED TO 813,400.

5. PUBLICATION OF MONTHLY UNEMPLOYMENT STATISTICS IS AN OCCASION FOR COMMENTARY BY POLITICAL AND TRADE UNION SPOKESMEN. SPOKESMEN FOR THE GOVERNMENT SAW THE SLIGHT IMPROVEMENT AS AN INDICATION THAT THE ECONOMIC PROGRAM OF THE GOVERNMENT WAS "HAVING A PSYCHOLOGICAL  
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EFFECT ON THE LABOR MARKET". HELPFUL AS USUAL, THE DGB SAID THAT THE FIGURES SHOWED "SIGNIFICANT SIGNS OF ECONOMIC REVIVAL" AND FOUND THAT A STRONG IMPROVEMENT IN THE LABOR MARKET COULD BE EXPECTED IN THE COMING MONTHS WHEN THE ECONOMIC RECOVERY MEASURES BEGIN TO

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CEA-01 AGR-10 H-02 DODE-00 PA-02 USIA-15 PRS-01 SAJ-01

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R 161325Z APR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9423

INFO AMCONSUL BREMEN

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AMCONSUL HAMBURG

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FULLY WORK. THE CDU ECONOMIC SPOKESMAN STRESSED THAT THERE WERE STILL OVER ONE MILLION WORKERS UNEMPLOYED AND THAT WHEN ALLOWANCES WERE MADE FOR SEASONAL FACTORS, UNEMPLOYMENT CONTINUED TO RISE. HE ALSO SAID THAT THE ECONOMY REMAINED AT A "CYCLICAL LOW POINT".

6. IT IS STILL DIFFICULT TO PREDICT THE ROLE UNEMPLOYMENT WILL PLAY IN THE MAY 4 ELECTION IN NORTH RHINE-WESTPHALIA (NRW). HOWEVER THE POLITICAL DEBATE SHOULD INCLUDE ATTEMPTS TO EVALUATE THE EFFECTIVENESS OF FEDERAL AND LAND PROGRAMS TO CREATE JOBS. THE LATEST STATISTICS SHOW THAT UNEMPLOYMENT DECLINED AND JOB OPENINGS INCREASED LESS IN NRW THAN IN THE OTHER LAENDER, SUGGESTING THAT THESE PROGRAMS HAVE YET TO BEAR FRUIT IN NRW. THE QUESTION OF WHETHER IMPROVEMENTS IN THE NRW LABOR MARKET ARE "SEASONAL" ARE ESPECIALLY SUSCEPTIBLE TO POLITICALLY MOTIVATED JUDGMENTS BECAUSE NEITHER THE LAND NOR THE FEDERAL EMPLOYMENT SERVICE PUBLISH "SEASONALLY ADJUSTED FIGURES" FOR THE INDIVIDUAL LAENDER. IN ANY EVENT, THE DEBATE SHOULD CONTINUE TO REVOLVE AROUND THE STATISTICS FOR MARCH SINCE STATISTICS FOR APRIL ARE NOT EXPECTED TO BE RELEASED OFFICIALLY BEFORE THE ELECTION.

7. IN PRIVATE CONVERSATIONS SPD AND TRADE UNION LEADERS TEND TO DOWNPLAY THE IMPORTANCE OF UNEMPLOYMENT AS AN ELECTION ISSUE SAYING THAT GENEROUS UNEMPLOYMENT INSURANCE PLUS ALLOWANCES PREVENT UNEMPLOYMENT FROM BECOMING AN IMPORTANT POLITICAL ISSUE OR THEY TAKE THE POSITION OF THE MINISTER PRESIDENT OF NORTH RHINE-WESTPHALIA, HEINZ KUEHN, SPD, WHO SAID THAT THE CITIZENS UNDERSTOOD THAT ECONOMIC DIFFICULTIES WERE WORLD-WIDE AND THAT GERMANY WAS BETTER ABLE TO COPE WITH THESE DIFFICULTIES THAN OTHER COUNTRIES. THE SOCIAL DEMOCRATS, WHO ARE STRESSING ECONOMIC RECOVERY, BELIEVE THAT GROWING OPTIMISM ABOUT THE FUTURE ECONOMIC SITUATION WILL HELP THEM AT THE POLLS.

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8. CURRENT DEVELOPMENTS AT VOLKSWAGEN WHICH ARE EXPECTED TO HAVE AN IMPORTANT EFFECT ON THE LABOR MARKET WILL BE REPORTED SEPARATELY.  
HILLENBRAND

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